

How to Find a Financial Planner You Trust

Use our road map to find an advisor who will truly look out for your best interests.

A financial planner can help you navigate disquieting times, and it has never been more important to find one you can trust. A critical first step is finding a planner who adheres to the fiduciary standard, which requires that the planner must put your interests above his or her own. Fiduciaries are required to avoid conflicts of interest, such as steering you toward mutual funds with hefty commissions for themselves instead of lower-cost alternatives. Securities brokers follow a less stringent "suitability" standard, which means the investments they recommend must be suitable based on the client's age and risk tolerance but don't necessarily have to be the least expensive options available.

During the Obama administration, the Department of Labor adopted a rule that would have required all financial professionals who give retirement advice to comply with the fiduciary standard. That rule was struck down by a U.S. Circuit Court, which held that the DOL didn't have the authority to enforce the rule.

Since 2009, certified financial planners have been required to comply with the fiduciary rule when providing financial planning, such as developing a retirement strategy. But as of June 30, 2020, all CFPs are required to comply with the fiduciary standard whenever they give financial advice. The broadened standard will most likely affect brokers and insurance agents who are CFPs but don't typically provide financial planning.

Many consumers are wary of hiring planners who work on commission because they're compensated for recommending specific products or investments, and that creates the potential for conflicts of interest. The CFP Board contends that the broadened fiduciary standard reduces the potential for such conflicts. In addition, Keller says fee-only planners aren't free of conflicts, either. Many fee-only planners charge a percentage of the amount of money clients give them to manage (known as assets under management, or AUM), which can range from 0.25% of AUM for a robo adviser—automated advice provided by many banks, brokerages and financial service firms—to 1% or more for a full-service planner. A planner whose fees are based on a client's AUM might be tempted to discourage actions that would reduce the size of that account, such as taking a large withdrawal to pay off a mortgage, he says.

Doing Your Due Diligence. Even with the broadened fiduciary standard, you should take extra steps to make sure any planner you hire is in fact looking out for your best interest. Start by making sure that the planner is a certified financial planner. To earn the CFP mark, a planner must complete a course in financial planning, pass a six-hour exam, have two to three years of professional experience, and complete 30 hours of continuing education every two years.

Click [here](#) to learn more about the NYSUT Member Benefits Corporation-endorsed Financial Counseling Program which offers access to Certified Financial Planners.

Once you've established that the planner is a CFP, do a background check. The CFP's website, [LetsMakeAPlan.org](https://www.letsmakeaplan.org), will tell you whether the planner has ever been publicly disciplined by the CFP Board or has filed for bankruptcy within the past 10 years. Next, visit [BrokerCheck.FINRA.org](https://www.brokercheck.finra.org), a search tool provided by the Financial Industry Regulatory Authority (FINRA), a self-regulatory organization for the securities industry. This site will provide a record of a planner's employment history and any regulatory actions taken against the individual, along with records of arbitration decisions and complaints. However, BrokerCheck has its critics: Research conducted by the Stanford Law School found that it's not difficult for brokers to get complaints expunged from the site, even if they're not in error. Still, brokers can't erase criminal or regulatory infractions from BrokerCheck.

You can also do a background check at the Securities and Exchange Commission's database of investment professionals, where you'll find information about the adviser's professional designations, experience, previous employment, other business activities, and any complaints or disciplinary actions by regulators.

NYSUT NOTE: NYSUT Members have access to the NYSUT Member Benefits Corporation-endorsed Financial Counseling Program which offers fee-based financial services from Certified Financial Planners. [Learn more.](#)

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